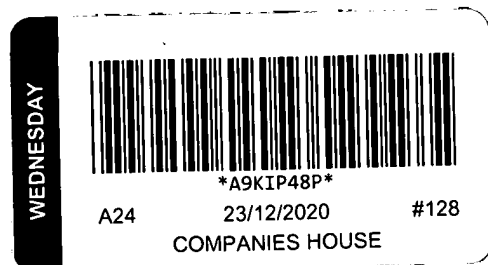


Company Registration Number 02989987 (England & Wales)

CONTINUA LIMITED

**Annual Report for the Year Ended
31 December 2019**



Continua Limited

Company Information

Directors

D. Dyas
A. Arthurton

Company Number

02989987

Registered Office

Building 4
Uxbridge Business Park
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

Independent Auditors

PricewaterhouseCoopers LLP
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Legal Form & Incorporation

Private Limited Company incorporated in England and Wales.

Continua Limited

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Continua Limited

Strategic Report

For the year ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

1. Review of the Business

Continua Limited ("The Company") continued to provide maintenance and related services for digital printers and for mailing equipment in the United Kingdom market.

	2019	2018
Revenue	£10.6m	£10.3m
Gross profit	£4.1m	£3.8m
Gross profit margin %	38.6%	37.4%

The increase in revenue was due to an increase in the sale of goods. This was due to an increase in demand for these products

Gross margin has increased during 2019 (2018 increased) due to the cost of revenue associated with the cost of goods increasing at a slower rate than the increase in revenue.

Gross profit margin is the ratio of gross profit before operating expenses to turnover expressed as a percentage.

The Company has net assets of £30.8m (2018: £36.7m). The decrease in net assets is the net of profit earned during the year, offset by a £10m dividend payment made.

2. Principal Risks and Uncertainties

The Company operates in a highly competitive market, in which print volumes continue to be under pressure, leading to more price pressure, both from customers and from competitors.

At December 31, 2019 there were no outstanding borrowings or letters of credit under the Xerox Corporation credit facility. The credit facility is available without sub-limit to qualifying subsidiaries of Xerox. The Company's obligations under the credit facility are unsecured and are not currently guaranteed by any Group subsidiaries. The credit facility is subject to various financial maintenance covenants and default provisions expressed as ratios of the consolidated balance sheet of Xerox Corporation. Borrowings under the Credit Facility bear interest – at Xerox Holdings Corporation's choice – either (a) a Base Rate as defined in the new Credit Facility agreement, plus a spread that varies between 0.000% and 0.700% depending on our credit rating at the time of borrowing, or (b) LIBOR plus an all-in spread that varies between 1.000% and 1.700% depending on our credit rating at the time of borrowing. Based on our credit rating as of December 31, 2019, the applicable all-in spreads for the Base Rate and LIBOR borrowing were 0.375% and 1.375% respectively.

Xerox Holdings Corporation manages its financing arrangements on a global basis; accordingly, the Company's funding requirements are dependent on the above credit facilities.

The COVID-19 pandemic has affected the company's business activities since the first quarter of 2020. Further detail of the effect of COVID-19 pandemic can be found in the future developments and direction section.

3. FRS1 101

These financial statements have been prepared using FRS 101.

Continua Limited

Strategic Report (continued) For the year ended 31 December 2019

4. Future Developments and Directions

The global COVID-19 health crisis is expected to have a significant impact on financial results in 2020 due to the closure of many business premises starting in the month of March 2020 and the effect of this on our customers' purchasing decisions, delays to installations and lower printing volumes on our devices. While we continue to implement actions to mitigate the effect of this crisis on our business and operations, the uncertainty around the duration and economic impact of this crisis, makes it difficult for the company to predict the full impact on our business operations and financial performance.

In 2019 the company continued to build and focus on improving our revenues and increasing profitability. We continued to advance our transformation efforts, reinvigorate our core print business and lay the groundwork for the next phase of our revenue enhancement journey. This will continue in 2020.

The Company is guided by Xerox UK for future developments and direction and follows the four goals of the Xerox Group.

Drive revenue:

- Serve our customers via channels that most effectively meet their requirements
- Enhance capabilities to sell higher value services
- Expand software and services offerings

Optimise operations for simplicity:

- Simplify our operating model for greater accountability and efficiency
- Drive effectiveness and efficiency in our business operations
- Increase supplier competitiveness

Re-energise the innovation engine:

- Focus investments in growing markets
- Leverage expertise to develop differentiated technology
- Monetise new innovations

Focus on Cash flow and increase capital returns

- Maximise cash flow potential
- Return at least 50% of free cash flow to shareholders

Key Performance Indicators

The Directors believe that the key performance indicators ("KPIs") are revenue growth and profitability.

Revenue increased by 2.7%, from £10.3m in 2018, to £10.6m in 2019. This is mainly driven by the increase in equipment revenue, driven by the increase in demand.

Gross profit increased from £3.8m in 2018 to £4.1m in 2019. Gross profit margin increased from 37.4% of revenue in 2018 to 38.6% in 2019. This is mainly driven by the increased demand of equipment sold, selling at a higher margin.

Net assets declined by 16.2% from £36.7m at the end of 2018 to £30.8m at the end of 2019.

Continua Limited

Strategic Report (continued) For the year ended 31 December 2019

S172 Companies Act 2006 statement

The directors have considered their duty under section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. In particular the directors have had regard to:

- likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.

As a subsidiary trading entity, we recognise that business strategy and the majority of decisions and policies affecting the Company and our stakeholder groups are made at Xerox Corporation level and cascaded through the management structures of the Company. Directors of the Company implement these decisions and policies whilst ensuring that they continue to promote the success of the Company. The board is represented in the Xerox Group's management and decision-making processes through membership of senior leadership team. This ensures that the board is actively involved in maintaining control of the Company's direction.

Significant events for the Company during the year, which were also principal decisions, included the triennial review of the Xerox Final Salary Pension Scheme commenced in the year with close involvement of the Directors along with the trustees. The aim of this process is to review the financial position of the Scheme relative to its statutory funding objective and to determine the appropriate level of future contributions. Directors must consider and balance the consequences to the company, to its employees and to its pensioners when agreeing future pension scheme funding levels. Several joint meetings have already taken place and the review is ongoing.

Engagement with our stakeholder groups is important for the business. Our stakeholders include our customers, suppliers, employees, and pensioners.

Customers – The Company's sales are mainly to UK based customers. The board maintains close relationships with these customers to understand their requirements. These interactions directly influence the Company's decision-making in respect of demand planning and product ordering.

Suppliers – we recognise an obligation to actively manage our supplier base and ensure these critical partners meet our high social, environmental, and ethical standards. As a member of the Responsible Business Alliance (RBA), Xerox uses the RBA Code of Conduct as our supplier code of conduct and Xerox global procurement and corporate security organizations screen all production suppliers and significant indirect suppliers to assess compliance with global anti-bribery laws and regulations including UK Modern Slavery Act and UK Bribery Act.

Employees – the board values the input and contribution of employees. Directors attend events throughout the year including the Xerox European forum, communication meetings and other round table discussions as part of a two-way exchange of information and ideas.

Environment – Xerox is committed to reducing its environmental footprint, conserving natural resources and lowering the energy intensity of our operations. The company is aligned with these initiatives and goals.

Information regarding Xerox Group's stakeholder engagement may also be found in the 2019 Corporate Social Responsibility Report [www.xerox.com/en-us/about/corporate-social-responsibility].

Continua Limited

Strategic Report (continued) ***For the year ended 31 December 2019***

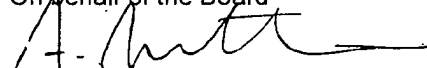
UK Referendum

The result of the United Kingdom referendum held on June 23, 2016 was to leave the European Union, and on March 29, 2017 the UK Government gave official notice by invoking Article 50 of the Treaty on European Union. The timeframe allowed under Article 50 for leaving the EU is two years, and so the UK was due to leave the EU on March 29, 2019. However, as a result of the Withdrawal Agreement not being passed by UK Parliament, extensions of the Article 50 process were granted. The withdrawal agreement was finally ratified by UK Parliament and by the EU in January 2020 and the UK left the EU on January 31, 2020.

This began a transition period that is due to end December 31, 2020, in which the UK and the EU are negotiating their future relationship. During this time the UK remains subject to EU law and remains part of the EU customs union and single market. If a deal is not reached during this time EU Law will cease to apply on December 31, 2020.

As the terms of the future arrangement are still being negotiated, at this time it is not possible to assess with any certainty the consequences of the UK's exit from the EU for the Company. As the basis on which the UK leaves the EU progresses, there will be more clarity over the potential impact to the Company including custom tariffs, policy on free movement of people and the position of EU nationals working in the UK. While the medium and long-term effect of such factors remains uncertain, the directors are of the view that no provisions are required for these items at the current time.

On behalf of the Board



A. Arthurton

Date 18th December 2020

Continua Limited

Directors' Report

For the year ended 31 December 2019

The directors present their report along with the audited financial statements of Continua Limited (the "Company") for the year ended 31 December 2019.

Results and dividends

The results for the year are set out on page 11.

The profit for the financial year was £4.1m (2018 £3.2m).

The Company proposed and paid a £10m dividend in 2019 (2018 £nil). The directors do not propose the payment of any final dividends.

Directors

The directors of the Company, who were in office during the year and up to the date of signing the financial statements, were:

R. Noonoo - appointed 11 January 2019 – resigned 23 March 2020

D. Dyas - appointed 11 January 2019

S. C. Dillon (Non – Executive) - resigned 31 March 2019

O. Dehon - resigned 17 January 2019

M. Cannons - resigned 31 March 2019

A Arthurton – appointed 23 March 2020

Financial Risk Management

In addition to competitive risks and exposure to macro-economic trends the Company is subject to liquidity risk, credit risk and price risk. The mitigation of these risks is outlined below.

- **Liquidity Risk**

Liquidity risk is managed by the Xerox Treasury department, which ensures that the Company has the appropriate funding structure and access to liquidity such that it can meet its operating cash requirements and obligations, as they fall due.

- **Credit Risk**

The Company has implemented policies that require the full use of appropriate documentation, structures and credit checks on potential customers before sales are made. Credit risk is managed through the continuous monitoring of exposures to and payment behaviour customers. The Company has no exposure to financial derivatives.

- **Price Risk**

The Company holds no traded equity securities or investments and so has no exposure there. The majority of the goods and services sold by the Company are provided from its own resources or are bought in from related parties. Processes exist to provide adequate forewarning of any changes in transfer pricing levels. Transfer pricing can be subject to periodic review by national tax authorities.

Research and development

The Company does not undertake research and development. This is undertaken by its fellow subsidiaries and by its ultimate parent company, Xerox Corporation.

Continua Limited

Directors' Report (continued) ***For the year ended 31 December 2019***

Future Developments

Future developments are deemed to be of strategic importance to the Company, and as such, have been outlined within the strategic report.

Independent Auditors

In accordance with the Company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the Company will be put at a General Meeting.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Continua Limited

Directors' Report (continued)

For the year ended 31 December 2019

Strategic Report

The Company has chosen in accordance with Companies Act 2006, s.414C(11) to set out the Company's strategic report information required by Large and Medium –sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has also done so in respect of financial risk management and research and development.

Qualifying third party indemnity provision

The directors and officers of the Company are covered by liability insurance arranged by the ultimate parent company Xerox UK. The insurance contains qualifying third-party indemnity provisions for the purposes of the Companies Act 2006 and was in place during the year and up to the date of signing the financial statements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the review of the business and future developments sections of the Strategic and Directors' reports.

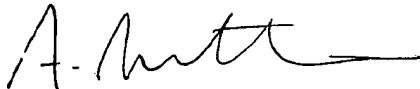
The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Directors have obtained written confirmation of support from the Company's parent, Xerox Holdings Corporation and on the basis of this support consider that the company has adequate resources to continue in operational existence for the foreseeable future, even under uncertain conditions created by the Covid-19 outbreak. Thus the Company continues to adopt the going concern basis in preparing the Company's annual financial statements.

These financial statements have been prepared on a going concern basis. In preparing these financial statements, the Directors have assessed that the Company will continue in operational existence for the foreseeable future.

Post balance sheet events

The global COVID-19 health crisis is expected to have a significant impact on financial results in 2020 due to the closure of many business premises starting in the month of March 2020 and the effect of this on our customers' purchasing decisions, delays to installations and lower printing volumes on our devices. While we continue to implement actions to mitigate the effect of this crisis on our business and operations, the uncertainty around the duration and economic impact of this crisis, makes it difficult for the company to predict the full impact on our business operations and financial performance.

On behalf of the Board



A. Arthurton

Date 18 December 2020

Independent auditors' report to the members of Continua Limited

Report on the audit of the financial statements

Opinion

In our opinion, Continua Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Continua Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

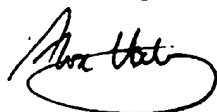
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
18 December 2020

CONTINUA LIMITED

Income Statement for the year ended 31 December 2019

		2019	2018
	Note	£000	£000
Revenue	3	10,558	10,280
Cost of Sales		<u>(6,485)</u>	<u>(6,439)</u>
Gross Profit		4,073	3,841
Distribution Costs		(44)	(120)
Administrative Expenses		<u>(339)</u>	<u>(723)</u>
Operating Profit	4	3,690	2,998
Interest Receivable and Similar Income		307	203
Interest Payable and Similar Expense		<u>(3)</u>	<u>-</u>
Profit before Taxation		3,994	3,201
Tax on Profit	7	58	(8)
Profit for the Financial Year and total Comprehensive Income	15	<u>4,052</u>	<u>3,193</u>

The notes on pages 15 to 29 form an integral part of the financial statements.

The income statement has been prepared on the basis that all operations are continuing operations. There is no other comprehensive income for the year.

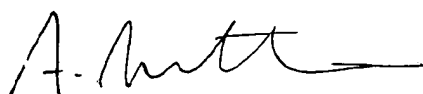
CONTINUA LIMITED
Statement of Financial Position as at 31 December 2019

		2019	2018
	Note	£000	£000
Fixed Assets			
Property, Plant and Equipment	9	15	29
Total Fixed Assets		15	29
Current Assets			
Inventories	10	212	261
Debtors	11	32,234	39,270
Cash at Bank and in Hand		122	85
Total Current Assets		32,568	39,616
Creditors: amounts falling due Within one year	12	(1,802)	(2,916)
Net Current Assets		30,766	36,700
Total Assets less Current Liabilities		30,781	36,729
Net Assets		30,781	36,729
Capital and Reserves			
Called up Share Capital	14	6,375	6,375
Profit and Loss Account	15	24,406	30,354
Total Equity		30,781	36,729

The notes on pages 15 to 29 form an integral part of the financial statements.

The financial statements on pages 12 to 29 were approved by the Board of Directors on 18 December 2020

and signed on its behalf by: Anthony Arthurton



Director

Company Registration Number: 02989987

CONTINUA LIMITED

Statement of Changes in Equity for the year ended 31 December 2019

	Called up Share Capital £000	Profit and Loss account £000	Total Equity £000
Balance at 1 January 2018	6,375	27,161	33,536
Profit for the financial year and total comprehensive income	-	3,193	3,193
	-----	-----	-----
Balance at 31 December 2018	6,375	30,354	36,729
Profit for the financial year and total comprehensive income	-	4,052	4,052
Dividend paid	-	(10,000)	(10,000)
	-----	-----	-----
Balance at 31 December 2019	6,375	24,406	30,781
	=====	=====	=====

The notes on pages 15 to 29 form an integral part of the financial statements.

Profit and Loss Account represent accumulated comprehensive income for the year and prior years.

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

General Information

The Company is a private company limited by its shares and incorporated and domiciled in the United Kingdom. The address of the registered office Building 4, Uxbridge Business Park, Sanderson Road, Uxbridge, Middlesex, UB8 1DH. Refer to note 18 for details of the immediate and ultimate parent undertaking. The principal activity of the Company is set out on page 3.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the Company operates. The amounts stated are denominated in thousands (£'000).

1. Accounting Policies

1.1. Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards, on a consistent basis.

The financial statements have been prepared on the historical cost basis. The principle accounting policies adopted are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64I, B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Xerox Corporation in which the entity is consolidated;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73I of IAS 16 Property Plant and Equipment (iii) paragraph 118 I of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in paragraphs 17 and 18A of IAS 24 in respect of key management personnel and related party transactions from requirement to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135I-135I of IAS 36 Impairment of Assets; and
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

1 Accounting policies (continued)

1.1. Accounting convention (continued)

Where required, equivalent disclosures are given in the group financial statements of Xerox Corporation. The group financial statements of Xerox Corporation are available to the public and can be obtained as set out in note 18.

Xerox Corporation's Annual Report (Form 10K) has been filed with the Securities and Exchange Commission (www.sec.gov).

1.2. Going concern

The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Directors have obtained written confirmation of support from the Company's parent, Xerox Holdings Corporation and on the basis of this support consider that the company has adequate resources to continue in operational existence for the foreseeable future, even under uncertain conditions created by the Covid-19 outbreak. Thus the Company continues to adopt the going concern basis in preparing the Company's annual financial statements.

These financial statements have been prepared on a going concern basis. In preparing these financial statements, the Directors have assessed that the Company will continue in operational existence for the foreseeable future.

1.3. Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the Company and had no effect on the current period or a prior period but may have an effect on future periods:

IFRS 16

The Company has applied IFRS 16 Leases from the transition date of January 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated as permitted under the specific transition provisions in the standard.

IFRS 16 introduces a uniform lease accounting model for lessees, requiring recognition of a right-of-use asset and a liability for leases unless such leases are immaterial. It eliminates the requirement for lessees to classify lease contracts as either operating leases – without recognizing the respective assets or liabilities – or as finance leases.

In applying IFRS 16 for the first time, the Company has elected to apply the following practical expedients as permitted by the standard:

- No reassessment as to whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the adoption date the Company relied on its assessment made applying IAS 17 and IFRIC 4 (Determining whether an arrangement contains a lease).
- For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets the Company has applied the optional exemption to not recognise the lease liability and the right-of-use asset but to account for the lease as an expense in the Income Statement on a straight line basis over the remaining term. Low-value assets comprise IT equipment and small items of office furniture. The Companies leases all meet this classification and have been exempted.

1 Accounting policies (continued)

1.3. Adoption of new and revised standards and changes in accounting policies (continued)

IFRS 16 (continued)

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.4. Revenue recognition

Revenue is the aggregate of revenue earned less value added tax in the year from the sale, rental and servicing of document processing equipment, the sale of supplies and the provision of facilities management and consultancy services.

Revenue is realised or realisable and earned when all of the following five steps have been completed under IFRS 15:

- Identify the contract and validate that collectability is reasonably assured
- Identify the performance obligation(s)
- Determine the transaction price
- Allocate the transaction price to each performance obligation in the contract
- Satisfy a performance obligation. Delivery has occurred and/or services have been rendered (delivery/performance)

The amount of revenue recognised is the amount received or expected to be received.

Revenue from service transactions should be recognised when it has been earned and is realised or realisable. Revenue from services is earned as the services are performed, over time, and is considered realisable once the customer has committed to pay for services and the customer's ability to pay is not in doubt.

Revenue from equipment sales and supplies is recognised when the goods are delivered to the customer. The delivery is usually at the point of use. Equipment sales are usually bundled with a service contract which limits exposure to returns. Returns are only applicable if there has been a misrepresentation of the sale or the equipment is not fit for purpose.

Accrued income is based primarily on timing differences on customer billings that are in arrears. Deferred income is based primarily on timing differences on customer billings that are in advance. Deferred income is the net of rebates and discounts.

1.5. Cost of revenue

Cost of revenue is the total cost of equipment, rental, services and supplies sold. Cost of revenue items are calculated on an historical cost basis less value added tax.

1.6. Property, plant and equipment

Tangible fixed assets are carried at historic purchase cost and adjusted for accumulated depreciation on a straight line basis, at rates intended to write off the cost, less estimated residual value, over the estimated useful economic life of the respective assets, as follows (see note 9):

Leasehold Improvements	Shorter of remaining lease term and expected useful life of the asset
Fixtures and fittings	3 – 5 years.
Plant and machinery	1 – 5 years.

1 Accounting policies (continued)

1.7. Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.9. Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.10. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.11. Financial assets and liabilities

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

1.12. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less loss allowance. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The loss is recognised in cost of sales in the income statement.

The accrued revenue relates to unbilled work in progress and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accrued revenue. The expected loss rates are based on historical payment profiles, adjusted to reflect the current and forward-looking information.

1.13. Distribution and administrative expenses

Distribution and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods sold or services rendered.

1.14. Impairment of financial and non-financial asset

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

1.15. Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.16. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1.17. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

1.18. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Obsolescence provision

Stock is stated at the lower of cost and net realisable value on a first in first out basis. Provision is made for slow moving or obsolete stock. See note 10 for net inventory value.

Allowance for bad debts

Allowance for bad debts is reviewed periodically by the Company management. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit.

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

3 Revenue

An analysis of the Company's revenue is as follows:

	2019 £000	2018 £000
Sale of goods	2,858	2,622
Services	7,700	7,658
Total	10,558	10,280

Geographical Market:

All the Company's turnover was within the United Kingdom.

Disaggregation of revenue

As part of the implementation of IFRS 15, the Company has assessed the appropriate presentation of the disaggregation of its revenue streams (analysing the varying risk profiles and effect of economic factors on the nature, amount, timing and uncertainty of revenue). The revenue disaggregation below represents the Company's underlying revenue.

	2019 £000	2018 £000
Timing of revenue recognition		
Over time	6,680	6,855
At a point in time	3,878	3,425

Transaction price allocated to the remaining performance obligations

The table below includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2020 £'000	2021 £'000	2022 £'000	Total £'000
Services	3,924	1,158	943	6,025

Any element of variable consideration is estimated at a value that is highly probable not to result in future reversal.

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

4 Operating Profit

	2019 £000	2018 £000
Operating Profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	15	24
Operating Lease Charges: -		
Other	7	6
Fees Payable to the Company's auditors for the audit of the Company's financial Statements	18	18
Operating lease income	(7)	(2)

5 Directors' Remuneration

	2019 £000	2018 £000
Aggregate Remuneration	-	5

There were no Directors remunerated by the company during 2019 (2018: one).

Two of the Directors of the Company (2018: two) are remunerated by Xerox (UK) Limited. These Directors' services to the Company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Xerox (UK) Limited. Accordingly, these Directors received no emoluments for services provided to this Company. No recharges were received from Xerox (UK) Limited for these Directors in 2019 (2018: nil).

6 Employees

	2019 Number	2018 Number
Average monthly number of employees (including Non-Executive Directors) were:		
Administration	9	11
Total	9	11

	2019 £000	2018 £000
Wages and Salaries	192	215
Social Security Costs	7	26
Other Pension Costs	8	7
Total	207	248

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

7 Tax on Profit

	2019 £000	2018 £000
Current tax	-	-
Deferred tax	4	8
Origination and reversal of temporary differences		
Adjustments in respect of prior periods	(62)	-
Total tax (credit)/charge	(58)	8

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before taxation	3,994	3,201
Applicable tax rate	19%	19%
Expected total tax expense	759	608
Reconciling items		
Total temporary differences	-	1
Adjustments in respect of prior periods	(62)	1
Group relief	(755)	(602)
Total tax charge/credit in the financial statements	(58)	8

Factors that may affect future tax charges

The previously enacted corporation tax rate reduction from 19% to 17% with effect from 1 April 2020 was cancelled by Budget 2020 resolution. As at the balance sheet date, deferred tax is measured at the enacted rate of 17%. The impact of the cancelled reduction is not expected to be material.

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

8 Deferred Taxation

	2019	2018
	£000	£000
At the beginning of year	35	43
(Credited)/Charge to the profit or loss	58	(8)
At end of year	93	35

The deferred tax asset is made up as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	23	35
Other provisions	70	-
	93	35

The Directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

There are no unrecognised deferred tax assets or liabilities (2018: nil).

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

9 Property, Plant and Equipment

	Plant and Machinery £000	Fixtures and Fittings £000	Leasehold Improvements £000	Total £000
Cost				
At 1 January 2018	246	144	403	793
Additions	18	8	-	26
At 31 December 2018 and 1 January 2019	264	152	403	819
Additions	1	-	-	1
At 31 December 2019	265	152	403	820
Accumulated Depreciation				
At 1 January 2018	219	144	403	766
Charge for the Year	23	1	-	24
At 31 December 2018 and 1 January 2019	242	145	403	790
Charge for the Year	12	3	-	15
At 31 December 2019	254	148	403	805
Net book value				
At 31 December 2019	11	4	-	15
At 31 December 2018	22	7	-	29

The assets under plant and machinery include assets that have been leased to customers amounting to £17,000 gross value (2018: £16,000).

	2019 £000	2018 £000
Opening leased assets	16	16
Additions	1	-
Total leased assets	17	16
Opening accumulated depreciation	2	-
Depreciation charged	6	2
Total accumulated depreciation	8	2
Net book value	9	14

10 Inventories

	2019 £000	2018 £000
Inventories	874	816
Provision	(662)	(555)
Finished goods and goods for resale	212	261

Cost of inventories recognised as an expense for the year amounted to £2,671k (2018 £2,550k).

Cost of inventories written down in the year recognised as an expense £107k (2018 £55k).

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

11 Debtors

	2019	2018
	£000	£000
Amount falling due within One Year		
Trade Debtors	1,617	1,789
Amounts Owed by Group Undertakings	30,347	36,956
Deferred Taxation (note 8)	93	35
Prepayments and Accrued revenue	177	490
	32,234	39,270

	2019	2018
	£000	£000
Accrued Revenue		
Opening balance	84	95
Revenue recognised of which relates to performance obligations satisfied in the current year	(2,888)	(2,457)
Transfers in the period from accrued revenue to trade receivables	2,979	2,446
Closing balance	175	84

The amounts owed by Group Undertakings are unsecured loans which bear an average interest rate of 1.0% (2018: 0.6%) and are repayable on demand. The amount is presented net of a £146k provision recorded to reflect expected credit losses in line with IFRS9.

The bad debt provision for 2019 was £71k (2018 £26k).

The timing of work performed (and thus revenue recognised), billing profiles and cash collection, results in trade debtors (amounts billed to date and unpaid), accrued revenue (unbilled amounts where revenue has been recognised) and deferred income (customer advances and deposits where no corresponding work has yet to be performed) being recognised on the Company's balance sheet.

12 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade Creditors	93	452
Amounts Owed to Group Undertakings	597	1,056
Taxation and Social Security	334	480
Accruals and Deferred Income	778	928
	1,802	2,916

	2019	2018
	£000	£000
Deferred Income		
Opening balance	(609)	(769)
Revenue recognised of which relates to performance obligations satisfied in the current year	(3,199)	(3,822)
Net cash received in advance of performance obligations being fully satisfied	3,328	3,982
Closing balance	(480)	(609)

The amounts owed to Group Undertakings are unsecured non-interest bearing and are repayable on demand.

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

13 Retirement benefit schemes

Defined benefit scheme

The pension schemes which the Company contributes, is accounted for under Xerox Limited, which is the principal sponsoring employer, with a recharge of £8k (2018: £7k) made to Continua Limited, representing its share of the contributions.

Up to the 31 December 2019, the Company has offered employees both defined benefit and defined contribution schemes, which also covered the employees of its UK subsidiaries. With effect from 31 December 2013 the UK defined benefit scheme rules were amended so that no employed members except members of the public sector sections would accrue any further pensionable services after this date. Substantially all of the defined benefit schemes are self-administered and their assets are held independently of the Company's finances. The schemes include an unapproved scheme of minor financial significance.

Valuations of the schemes are undertaken by qualified independent actuaries at least every three years, using the projected unit method. Annual contributions are paid as agreed by the Company, Trustees and Actuary.

IAS 19 Employee Benefits

The pension scheme to which Xerox Limited and the Company contribute is the 'Xerox Final Salary Pension Scheme', a defined benefit scheme; however, each company is unable to identify its share of the underlying assets and liabilities of the pension scheme on a consistent and reasonable basis due to staff movements between subsidiaries. Accordingly, under IAS 19 'Employee Benefits', this defined benefit pension scheme is a multi-employer defined benefit scheme. A consequence of this is that under IAS 19 the Company Xerox (UK) Limited is required to account for the scheme as a defined contribution scheme.

The last full actuarial valuation upon which the IAS 19 figures have been based was as at 31 March 2018, rolled forward to 31 December 2019 and adjusted for current financial conditions. The present values of the projected benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the periods in which they arise.

The funded status of the 'Xerox Final Salary Pension Scheme' as reported by Xerox Limited is as below:

	2019	2018
	£m	£m
Fair value of scheme assets	3,179	2,944
Present value of funded defined benefit obligations	(2,889)	(2,790)
Funded status	290	154

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

14 Called up Share Capital

	2019 £000	2018 £000
Authorised, allotted and fully paid; Equity: 6,375,000 (2018: 6,375,000) Ordinary Shares of £1 each	6,375	6,375

15 Profit and Loss Account

	2019 £000	2018 £000
1 January	30,354	27,161
Profit for the Financial Year	4,052	3,193
Dividend paid	(10,000)	-
31 December	24,406	30,354

A final dividend of £10m on the 2018 approved financial statements was paid in 2019 (2018: Nil) to the parent company Xerox Limited.

16 Commitments and contingencies

The company has the following undiscounted lease payments to be received on leased assets:

	2019 £000	2018 £000
Less than 1 year	7	7
Between 2 and 5 years	17	23
Above 5 years	1	1
Total	25	31

There were no contingent assets or liabilities (2018: Nil).

17 Post balance sheet events

The global COVID-19 health crisis is expected to have a significant impact on financial results in 2020 due to the closure of many business premises starting in the month of March 2020 and the effect of this on our customers' purchasing decisions, delays to installations and lower printing volumes on our devices. While we continue to implement actions to mitigate the effect of this crisis on our business and operations, the uncertainty around the duration and economic impact of this crisis, makes it difficult for the company to predict the full impact on our business operations and financial performance.

CONTINUA LIMITED

Notes to the Financial Statements for the year ended 31 December 2019

18 Changes in accounting policies

Except for the changes below, the company has consistently applied the accounting policies to all period presented in these financial statements.

Impact of the adoption of IFRS 16 Lease

The Company adopted IFRS 16 Leases from January 1, 2019 and has applied the modified retrospective approach. Under the retrospective adoption, adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019.

The adoption of IFRS 16 had no impact on the company's financial statement at the date of transition and as at December 31, 2019. The company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard. The assets held as lessee qualify for low value exemption.

19 Controlling party

The ultimate UK parent company of Continua Limited is Xerox UK Holdings Limited, registered in England.

The ultimate parent undertaking, controlling party and the largest group in which the results of Continua Limited are consolidated is that of Xerox Corporation, which is incorporated in the United States of America. Copies of the Xerox Corporation annual report and financial statements may be obtained from:

The Investor Relations Department,
Xerox Corporation
PO Box 4505
Norwalk
CT 06856-4505
United States of America
World Wide Web - <http://www.xerox.com>

The smallest group in which the results of the Company are consolidated is that of Xerox Investments Europe BV, which is registered in The Netherlands. Copies of Xerox Investments Europe BV annual report may be obtained from:

Xerox Investments Europe BV
Rijnzathe 12
3454 PV De Meern
The Netherlands

The immediate parent of the Company is Xerox Limited, registered in England, Registered Number 3275267. The registered office for the parent is

Xerox Limited
Building 4
Uxbridge Business Park
Sanderson Road
Uxbridge
Middlesex
UB8 1DS